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# A BILL FOR AN ACT

RELATING TO VETERAN-OWNED BUSINESSES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that one in every seven  
2 small business owners nationwide are veterans. This equates to  
3 over 2.4 million veteran-owned companies operating in the United  
4 States. In Hawaii, 10,268 firms qualified as veteran-owned  
5 companies as of calendar year 2007 according to the United  
6 States Census.

7           The legislature further finds that the attributes of former  
8 military personnel, so vital to defending our freedom, are the  
9 very same qualities essential for running a successful business.  
10 The United States and the State of Hawaii need as many  
11 productive and successful small and medium sized businesses as  
12 possible. Veteran-owned businesses are an integral part of the  
13 small business community and are vital to job creation and  
14 economic growth in our State.

15           The legislature further finds that the Federal Government  
16 recognized the value of supporting veteran-owned businesses when  
17 it enacted the Veterans Entrepreneurship and Small Business  
18 Development Act of 1999, P.L. 106-50, that created a three per



1 cent federal procurement goal for service-disabled veteran-owned  
2 businesses. The Federal Government further strengthened its  
3 commitment by passing the Veterans Benefit Act of 2003, P.L.  
4 108-183, to enable service-disabled veteran-owned businesses to  
5 receive sole source and restricted competition contracts for  
6 goods and services used by the United States government.

7 The legislature further finds that State and county  
8 governments can benefit from using veteran-owned businesses,  
9 including companies owned and operated by service-disabled  
10 veterans, since many such business owners know and understand  
11 firsthand the needs of government and public organizations.  
12 Further, many of these businesses have the capacity to meet the  
13 specifications and quality standards of State and county  
14 procurement regulations. Currently, fourteen states have  
15 enacted laws designed to assist veteran-owned businesses.

16 The legislature further finds that the State of Hawaii  
17 enters into procurements for goods and services totaling an  
18 average of \$1,100,000,000 per year. The State of Hawaii has  
19 already acknowledged the advantages of procurement preferences  
20 by establishing such preferences for small businesses, Hawaii-  
21 made products, products with recycled content, Hawaii software  
22 developers, and qualified community rehabilitation agencies.



1 SECTION 2. Section 103D-903, Hawaii Revised Statutes, is  
2 amended by amending subsection (c) to read as follows:

3 "(c) In carrying out this part, the chief procurement  
4 officer may:

- 5 (1) Give special publicity to procurement procedures and  
6 issue special publications designed to assist small  
7 businesses in learning how to do business with the  
8 State;
- 9 (2) Compile, maintain, and make available source lists of  
10 small businesses for the purpose of encouraging  
11 procurement from small business;
- 12 (3) Include small businesses on solicitation mailing  
13 lists;
- 14 (4) Develop and conduct training programs to assist small  
15 businesses;
- 16 (5) Reduce the level or change the types of bonding  
17 normally required or accept alternative forms of  
18 security;
- 19 (6) Make special provisions for progress payments;
- 20 (7) Establish the goal that twenty per cent of the State's  
21 annual purchasing expenditure be awarded to small  
22 business; [~~and~~]



1           (8) Impose mandatory evaluation criteria designed to  
2           encourage the use of small business as subcontractors  
3           on large contracts not susceptible to performance by  
4           small business[-]; and

5           (9) Establish the goal that at least three per cent of the  
6           State's annual purchasing expenditures be awarded to  
7           veteran-owned businesses."

8           SECTION 3. Chapter 103D, Hawaii Revised Statutes, is  
9           amended by adding a new section to part IX to be appropriately  
10          designated and to read as follows:

11          "§103D-           Veteran-owned businesses. (a) When a  
12          governmental body contracts for services, a four and one half  
13          per cent preference shall be given to goods or services procured  
14          from a veteran-owned business and a five per cent preference  
15          shall be given if the veteran is service disabled.

16          (b) Solicitations shall contain a provision notifying  
17          offerors that veteran-owned businesses shall apply to the  
18          solicitation.

19          (c) Nothing in this section shall limit, restrict, or  
20          preclude a veteran-owned business from qualifying for any other  
21          preferences, set-asides, or criteria that may apply under  
22          section 103D-906, Hawaii Revised Statutes, or other provisions



1 of this chapter, and this section shall operate as a further  
2 preference when a business qualifies for more than one such  
3 preference."

4 SECTION 4. Section 103D-901, Hawaii Revised Statutes, is  
5 amended by adding three new definitions to be appropriately  
6 inserted and to read as follows:

7 "Service disabled" means a veteran with a service-  
8 connected disability incurred or aggravated in the line of duty  
9 in the active duty military.

10 "Veteran" means a person who has served in the active duty  
11 military including the army, navy, air force, marines or Coast  
12 Guard and who was discharged or released from his or her service  
13 under conditions other than dishonorable.

14 "Veteran-owned business" means a business entity that is  
15 fifty-one per cent or more owned by a veteran."

16 SECTION 5. The department of accounting and general  
17 services shall prepare a report to the legislature that shall  
18 include, but not be limited to, information on the dollar value  
19 of procurement actions awarded to veteran-owned businesses,  
20 information on the value of procurements awarded to service-  
21 disabled veterans, the number of such businesses receiving  
22 preference awards under this Act, and the costs of administering



1 the preference program. This report shall also explain whether  
 2 the three per cent set-aside requirement was met and if not,  
 3 what steps the legislature should take to ensure the State's  
 4 procurement officers comply with the three per cent set-aside  
 5 requirement. The department of accounting and general services  
 6 shall submit the report to the legislature no later than twenty  
 7 days prior to the convening of the regular session of 2016.

8 SECTION 6. Statutory material to be repealed is bracketed  
 9 and stricken. New statutory material is underscored.

10 SECTION 7. This Act shall take effect on July 1, 2012.

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INTRODUCED BY:

*Jim Wood*

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JAN 18 2012



# H.B. NO. 1996

**Report Title:**

Procurement; Veterans

**Description:**

Establishes the goal that at least three per cent of the State's annual purchasing expenditures be awarded to veteran-owned businesses. Creates government contract preferences for veteran owned businesses. Requires the comptroller to prepare a report to the legislature concerning the progress of the Act.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

